

Message Text

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ACTION ARA-10

INFO OCT-01 EUR-12 NEA-09 ISO-00 IO-10 AGR-05 OIC-02

AEC-05 AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00

EB-07 FPC-01 H-01 INR-07 INT-05 L-02 NSAE-00 NSC-05

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TRSE-00 FRB-03 EA-06 AF-06 /131 W
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R 231555Z JAN 75

FM AMEMBASSY CARACAS
TO SECSTATE WASHDC 7385
INFO AMEMBASSY BONN
USMISSION OECD PARIS
AMEMBASSY TRIPOLI

C O N F I D E N T I A L CARACAS 0887

E.O. 11652: GDS

TAGS: ENRG, VE

SUBJ: MINES MINISTER'S COMMENTS ON POSSIBILITY OIL SALES
TO WEST GERMANY

REF: CARACAS 0819

1. DURING PRESS CONFERENCE ON JANUARY 20, MINES MINISTER VALENTIN HERNANDEZ REPORTEDLY SAID THAT WEST GERMANY HAS MANIFESTED AN INTEREST IN ESTABLISHING A COOPERATIVE AGREEMENT WITH VENEZUELA, EMPHASIZING THE POSSIBILITY THAT VENEZUELA WILL GUARANTEE THE SUPPLY OF A CERTAIN VOLUME OF PETROLEUM. THE QUANTITY TO BE GUARANTEED HAS NOT BEEN PRECISELY DETERMINED BUT, ACCORDING TO HERNANDEZ, VENEZUELA IS SYMPATHETIC TO SUCH COOPERATION WITH WEST GERMANY.

2. GERMAN EMBASSY ECONOMIC COUNSELOR TOOK INITIATIVE IN CONTACTING PETATHUTO DISCUSS VENEZUELAN MINES MINISTER'S COMMENT. GERMAN ECONOMIC COUNSELOR GAVE FOLLOWING HISTORY OF OIL TALKS WITH VENEZUELA
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HE STATED INITIATIVE ORIGINALLY TAKEN BY CALDERA GOVERNMENT, WHICH DESIRED STATE TO STATE AGREEMENT WHEREBY DEMINEX, THE GERMAN OIL COMPANY THEN CARRYING OUT EXPLORATION IN GUYANA, JAMAICA AND PERU, WOULD BE VEHICLE FOR UNDERTAKING TO MARKET VENEZUELAN OIL IN GERMANY UNDER THE TERMS OF STATE AGREEMENT. WEST GERMANY TURNED DOWN PROPOSAL AT THAT TIME ON BASIS THAT VENEZUELAN OIL TOO EXPENSIVE, AND FOR POLICY REASONS WEST GERMANY PREFERRED NOT TO DEAL ON BASIS OF STATE AGREEMENT.

3. ACCORDING TO GERMAN EMBASSY ECONOMIC COUNSELOR, WHO TOOK UP POST IN COUNTRY ONLY RECENTLY, THIS CONTINUES TO BE GERMAN GOVERNMENT POLICY. HE WAS TOLD IN HIS BRIEFINGS PRIOR TO DEPARTURE FROM GERMANY THAT VENEZUELAN OIL IS NOT COMPETITIVE IN GERMANY WITH LIBYAN OIL, AND THAT GERMANY HAS NO INTEREST IN AGREEMENT WITH VENEZUELA AT THIS TIME. THEREFORE, ACCORDING TO ECONOMIC COUNSELOR, GERMAN EMBASSY WAS COMPLETELY SURPRISED BY MINISTER HERNANDEZ' REFERENCE TO POSSIBLE AGREEMENT BETWEEN THE TWO COUNTRIES. MINISTER HERNANDEZ' COMMENT UNDOUBTEDLY INTENDED FOR LOCAL CONSUMPTION TO ALLAY FEELING THAT VENEZUELA MAY BE LOSING MARKETS FOR ITS OIL.
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